

July 15, 2004

MEMORANDAM

TO: *The Clarion-Ledger*

FROM: John Arledge, Deputy Chief of Staff, Office of the Governor

RE: Economic Development "Stories"

Readers of three front-page articles in *The Clarion Ledger* (July 2, 3 and 14) were told that the State was working on a "Nissan-sized" economic development project -- stories that were misleading at best.

The July 2 article ("Nissan-sized deal expected on the Coast") cited a single source, Senator Mike Chaney of Vicksburg, 200 miles from the Coast and the Chairman of the Senate Education Committee with no tie to either the Coast or the relevant legislative subject matter. Chaney, by the way, has told others in state government that his comments to *The Clarion Ledger* were concerning the "unresolved \$315 million bond bill" referred to in the story's seventh paragraph.

Nevertheless, *The Clarion Ledger* states, "the proposed incentive package is on a scale" with the Nissan package. In fact, there is/was no such incentive package under consideration by the state for the Coast and/or Mobile area;

there was no major employer prospect; and there is no Special Session being considered at this time, other than for the bond bill that failed during the Regular Session.

The “\$5 billion project,” the “prospect,” and the “Nissan-sized proposed incentive package” all are figments of somebody’s fertile imagination or of someone taking two plus two and getting seven.

The July 3 article (“Coast vies for \$5 billion natural gas terminal) compounds the misinformation. It quotes a variety of people who were asked to comment on a non-existent effort by the state to spend \$150 to \$295 million to attract an offshore liquefied natural gas terminal – which in no way resembles the “project” characterized in the first story. The fact that *The Clarion-Ledger* would quickly “hitch its wagon” to this project instead of admitting an earlier mistake is remarkable.

It is generally believed the ConocoPhillips LNG terminal will be built in federal waters, probably south of Dauphin Island, Alabama, not even south of Horn Island, Mississippi. There is no reason to give such a project any Mississippi incentives, as it will not even be on Mississippi land or in our tidelands. No incentive for this project has even been considered, or as far as we know, requested by ConocoPhillips.

The idea that the state would give an incentive package of \$150 or \$295 million for a project such as ConocoPhillips’ offshore LNG terminal, which will probably employ 50-70 people, harms economic development efforts. Legislators and other county leaders must now be disabused of the notion that MDA and the administration would be that stupid and/or irresponsible.

Nevertheless, *The Clarion Ledger* quotes some political and/or business leaders who were responding to questions posed by the newspaper about a non-existent project and incentive package. Many of their responses were natural

given that they were following a line of questioning they believed was true based on *The Clarion-Ledger* stories.

For the reader who got to the very last sentence of the second story, MDA is quoted as saying there is “nothing on the Coast that would be the size of Nissan.” Even the Governor’s Office warned the author of the story that the direction of the first piece was “erroneous.”

While the first and second stories were clear errors, the third story is simply self-serving. Yesterday’s story is a clear attempt by *The Clarion-Ledger* to loft this “project” to front-page status to cover an earlier mistake. I doubt the newspaper would put an off-shore, 50-job, non-state incentive project on its front page three times unless it was attempting to make it at least appear “Nissan-like” by the quantity of the coverage.

The MDA has a long-standing policy not to comment on speculation regarding economic development projects – whether true or false. This avoids confusion and helps the agency honor confidentiality agreements that are so important to luring industry. The agency, however, went so far as to break that policy in this case and deny the characterizations made by *The Clarion-Ledger*.

Surely journalism standards must require the state’s newspaper of record to base three front-page stories on more than one far-removed, probably misunderstood source and a mountain of speculation.